

**IOWA RACING AND GAMING COMMISSION
MINUTES
AUGUST 28, 2008**

The Iowa Racing & Gaming Commission met on Thursday, August 28, 2008 at Riverside Casino and Golf Resort (RCGR), Riverside, Iowa. Commission members present were Greg Seyfer, Chair; Diane Hamilton, Vice Chair and members Kate Cutler and Toni Urban. The Commission is short one member.

Chair Seyfer called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Urban so moved. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Seyfer requested a motion to go into Executive Session pursuant to Iowa Code Sections 21.5(1)g for the purpose of receiving Division of Criminal Investigation background reports and 21.5(1)a for the purpose of reviewing/discussing records which are required or authorized by state or federal law to be kept confidential. Commissioner Cutler so moved. Commissioner Hamilton seconded the motion. The motion carried unanimously on a roll call vote. (See Order No. 08-85)

Upon reconvening in open session, Chair Seyfer called on Dan Kehl, CEO of RCGR, who welcomed the Commission back to RCGR on the second anniversary of the facility opening. Mr. Kehl distributed a handout which summarized the taxes and fees paid by RCGR since the opening through July 2008. RCGR has paid \$50 million to the State General Fund, Washington County has received \$1.27 million, the city of Riverside has received \$3.1 million, and the Washington County Riverboat Foundation (WCRF), the non-profit qualified sponsoring organization, has received over \$6.25 million for a total economic impact in excess of \$60 million. These figures do not include payroll, benefits, or purchases from Iowa vendors. Mr. Kehl stated that the facility has been a positive for the state. At this time, Mr. Kehl introduced his father, Robert Kehl, Sr., and Tim Putney, Chair of WCRF.

Mr. Putney welcomed the Commission, gaming industry representatives, staff and the general public. He noted that with funding commitments to be made at the next WCRF meeting over \$9 million will have been committed to non-profit organizations in Washington County and the surrounding area. Mr. Putney thanked the Commission for the consideration given in granting a license to RCGR and WCRF.

Chair Seyfer thanked Mr. Putney for his comments, and moved to the next agenda item, requesting a motion to approve the minutes from the July 17, 2008 Commission meeting. Commissioner Urban so moved. Commissioner Cutler seconded the motion.

Hearing no further comments or questions concerning the minutes, Chair Seyfer called for the vote. The motion carried on a unanimous vote. (See Order No. 08-86)

Chair Seyfer called on Jack Ketterer, Administrator of the IRGC, for announcements. Mr. Ketterer provided the following information regarding upcoming Commission meetings:

- October 9, 2008 Commission Meeting – Catfish Bend Casino, Burlington, IA (Submissions due by September 25, 2008)
- November 13, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by October 30, 2008)
- December – No Meeting
- January 15, 2009 – Stoney Creek Inn, Johnston, IA (Submissions due by December 31, 2008)

Chair Seyfer moved to the review of the financial audit for the Isle of Capri properties. Sally Rogers, Senior Director of Finance at IOC Bettendorf and Rhythm City Casino, presented the consolidated financial statement to the Commission for all four Iowa IOC properties, which ended on April 30, 2008.

Mr. Ketterer noted that the financial was a compilation of the four Iowa properties, and indicated a loss of \$97 million. He asked for the company's opinion on how the loss will affect operations and capital investments in properties going forward. He noted that some of the loss could be attributed to startup expenses for IOC Waterloo and Pompano.

Mo Hyder, General Manager at Rhythm City, stated that the company looks at it from a competitive standpoint, noting that the Marquette property has also been impacted by a new competitor. He noted that IOC Waterloo is doing very well, and the new Event Center in Bettendorf will be coming on line. The company hopes these new venues will help mitigate some of the losses.

Commissioner Seyfer asked if plans were still moving forward to rebrand the Marquette property as Lady Luck. Mr. Hyder stated that during one of the quarterly conference calls, IOC announced that Marquette and Davenport were to be rebranded as Lady Luck. He indicated progress is being made in Marquette on that process; however, IOC has run into some issues in Davenport with the city which are being worked out. Mr. Hyder advised that the not-for-profit organizations are behind the project

Mr. Ketterer asked Mr. Hyder if he felt operating costs would turn around or if the company would continue to see extensive losses.

Mr. Hyder advised that the management team at all of the properties are heavily promoting customer service with some new key operative initiatives, as well as other targeted programs to insure that all of the IOC properties are successful.

Barron Fuller, General Manager at IOC Marquette, advised that a significant amount of tax write offs were taken during the fourth quarter due to the United Kingdom operations. He advised that IOC Marquette hoped to make a presentation regarding the rebranding at the October meeting. Mr. Fuller indicated the process should be completed by the first of the year.

Chair Seyfer moved to contract approvals and called on Harrah's. Jeannie Magdefrau, Vice President of Finance, presented the following contracts for Commission approval:

- American Airlines – Business Travel and Customer Travel
- Bucky's Express – Purchase of Gift Cards used in the Total Rewards Program
- Olson Construction – Construction Work for Surveillance and IT Projects
- United Airlines – Business Travel and Customer Travel
- 5M Music LLC, d/b/a Steven Mai – Asian Entertainment Programming Services

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Harrah's. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-87)

Chair Seyfer called on IOC Bettendorf. Nancy Donovan and Curt Beason, General Manager and Legal Counsel respectively, presented the following contracts for Commission approval:

- Ainsworth Game Technology – Slot Machines and Equipment
- Sam's Club – Miscellaneous Items, Liquor, Food and Office Supplies
- Amendment to Bettendorf Event Center Development Agreement/Financing

Mr. Ketterer noted that Mr. Beason had submitted a letter explaining the changes to the financing for the Event Center, which clarifies the issues. Mr. Ketterer advised that the city was unable to come up with a satisfactory loan rate, and had to find alternative financing. Mr. Beason stated that pending approval by the Commission at this meeting, the transaction would close the following day.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by IOC Bettendorf. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-88)

Chair Seyfer called on The isle casino & hotel waterloo (The isle). Bari Richter, General Manager, presented a contract with Aramark for laundering service for Commission approval.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contract as submitted by The isle.

Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-89)

Chair Seyfer called on Ameristar Casino. Brent Willits, General Manager, presented a contract with Upper Missouri River Corporation for vessel slip maintenance for Commission approval. This is a name change for a previously approved contract.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-90)

Chair Seyfer called on Wild Rose Clinton (WRC). Tim Bollmann, General Manager, presented the following contracts for Commission approval:

- Mediacom Iowa LLC – Mediacom Online Services and Mediacom Commercial Family Cable Video Services
- Signs Plus – Purchase and Installation of Outdoor Signage

Commissioner Hamilton asked about the length of the contract with Mediacom. Mr. Bollman indicated it is a three year contract. Commissioner Hamilton then asked about the pricing. Mr. Bollman advised that the price would depend on the package choice, which has not yet been determined. They want to ensure good coverage.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by WRC. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-91)

Mr. Ketterer asked Mr. Bollmann to talk about the results since the new land-based facility opened in Clinton. Mr. Bollmann stated that the facility opened on time and on budget, which was surprising due to the winter weather. He indicated the support from the community has been great, and the numbers have been outstanding.

Mr. Ketterer stated that it is great to see the investment being rewarded. Mr. Bollmann stated that the non-profit licensee was very happy with the check they received in July, and now expect them. He is hopeful the numbers will continue through the winter.

Chair Seyfer called on Argosy Casino – Sioux City. Kees Eder, General Manager, presented the following contracts for Commission approval:

- TPI – Mail House Services
- Global Cash Access – ATM/Credit Card Advance/Check Warranty Services
- Maple Valley Communication – Digital Recording/Surveillance
- City of Sioux City – Tyson Event Center – 10 Year Suite Contract

- Konami Gaming – Anticipated Purchase of Slot Machines and Related Parts
- Trane – Purchase and Installation of 4 Air Handling Units and Ductwork

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Argosy. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-92)

Chair Seyfer called on RCGR. Joe Massa, General Manager, presented the following contracts for Commission approval:

- Konami Gaming, Inc. – Slot Machine Trial/Purchase
- The Lamar Companies – Billboard Contract
- Marsh USA, Inc. – Insurance
- Zender's at Riverside – Spa Operating Agreement

Mr. Massa advised that the Marsh contract has been marked as an out-of-state vendor, but does qualify as an Iowa vendor as they have approximately 2,000 employees located in Iowa.

Mr. Massa stated that he had talked with Mr. Ketterer about the golf course. RCGR sent out the specifications to repair the golf course, and have received three bids from out-of-state vendors. RCGR hopes to award the bid sometime next week. He asked the Commission's approval to proceed with the work, and the actual contract would be submitted at the October Commission meeting. Commission members indicated they knew time was of the essence in this matter and granted permission for RCGR to proceed.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by RGCR. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-93)

Chair Seyfer called on Diamond Jo (DJ). Kim Pang, General Manager for Diamond Jo Worth, presented the following contracts for Commission approval:

- Cinta's – Uniform Purchase for All Positions Requiring a Uniform
- Kwik Stop – Gas Cards for Use in Promotions
- White & Case, LLP – Legal Services

Commissioner Urban asked if the law firm had any offices in Minneapolis. Mr. Pang answered in the negative; they are in New York. He noted they provide specialized services.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by DJ. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-94)

Chair Seyfer called on Catfish Bend Casino (CBC). Jerry Baum, Chief Operating Officer (COO) for Great River Entertainment (GRE), introduced Rob Higgins, who has assumed the General Manager position of CBC. Mr. Baum stated that prior to April of this year he was the General Manager of CBC and Mr. Higgins was the General Manager of Huckleberry Entertainment. He advised that he assumed the COO duties in April, and Mr. Higgins assumed the General Manager duties for the property.

Mr. Baum presented the following contracts for Commission approval:

- Aristocrat Technologies – Leased Slot Machines
- Automatic Currency Instruments – Service Agreement for Kiosks
- City of Burlington – Admission Fees
- City of Fort Madison – Payment Agreement in Lieu of Admission Fees & Gaming Taxes
- Fidlar Printing – Printing and Mailing
- IGT – Leased Slot Machines
- Konami Gaming, Inc. – System Maintenance and Parts
- Lane and Waterman, LLP – Legal Services
- Martini's – Promotions
- Shuffle Master – Table Game Leases
- Spirit Hollow Golf Course – Promotions
- Winegard Company – Management Agreement
- WMS Gaming, Inc. – Leased Slot Machines

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by CBC. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-95)

Chair Seyfer called on Wild Rose Emmetsburg (WRE). Tom Timmons, Vice President of Operations for Wild Rose Entertainment, presented a related party contract with Wild Rose Entertainment, LLC for the purchase of adjoining land. Mr. Timmons advised that a holding company originally purchased three parcels of land, two of which have since been purchased by the casino. The purchase of this parcel consisting of 13-14 acres will put all of the land under the casino's ownership.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contract as submitted by WRE.

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-96)

Chair Seyfer called on HGI Lakeside (Lakeside). Damon Butler, General Manager, presented the following contracts for Commission approval:

- Citadel Broadcasting Company – Radio Advertising
- ColorFX – Marketing Services
- Performance Food Group/TPC – Purchase of Food for Kitchen

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Lakeside. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-97)

Chair Seyfer called on Horseshoe Casino/Bluffs Run Greyhound Park (HSC/BRGP). Ms. Magdefrau presented the following contracts for Commission approval:

- Aksarben Roofing – Roof Project
- American Lift-BRC – Exterior Lighting Repair
- Armstrong Cleaners – Dry Cleaning
- Arrow Stage Lines – Charter Service
- C3 Presents – Entertainment Programming Services
- Fashion Cleaners – Uniform Dry Cleaning
- Omaha Steaks – Meat Supplier

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as presented by HSC/BRGP. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-98)

Chair Seyfer called on Dubuque Greyhound Park & Casino (DGP&C). Jesús Avilés, General Manager, presented the following contracts for Commission approval:

- Imagine This – Purchase of Promotional Items
- JCJ Architecture – Design Fees for Casino Renovation
- Durrant Group – Construction Management Services for Casino Renovation

Jim Quilty, representing the Iowa Greyhound Association (IGA), stated they are not opposing any of the contracts put forward for approval, but noted that two of the contracts have to do with casino renovations. Mr. Quilty stated that the IGA is grateful DGP&C has decided to proceed with additional investment in the facility; however, the IGA does have concerns that the renovations will not be at the detriment of the racing program. Mr. Quilty stated that in conversations with Mr. Avilés he has been assured

that would not be the case. He encouraged the Commission to be cognizant of the IGA's concerns as the plans develop. Mr. Quilty also asked Mr. Avilés to affirm DGP&C's commitment to greyhound racing in the future.

Chair Seyfer asked Mr. Avilés to address Mr. Quilty's comments. Mr. Avilés stated that he found DGP&C to be a beautiful facility with a great team. He noted that some areas, including the greyhound area, need to be returned to their previous splendor. Mr. Avilés noted the facility will soon feel additional competitive pressures, and if steps are not taken to make the facility more attractive, they could lose some of their market share. It is his opinion that the success of the casino will be the success of greyhound racing. Mr. Avilés stated that he intends to change the configuration of the casino, and bring a more modern look to the pari-mutuel area by replacing the carpet, chairs, etc.

Hearing no further comments or questions, Chair Seyfer requested a motion to approve the contracts. Commissioner Cutler moved to approve the contracts as submitted by DGP&C. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-99)

Chair Seyfer called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Creative Artists Agency – Entertainment Agency
- Delta Dental of Iowa – Employee Dental Insurance
- Charles Gabus Ford – Motor Vehicle Purchases
- Global Payments – Renewal of Casino Guest Check Cashing Services; Add Credit Card Services
- Wellmark Blue Cross Blue Shield – Employee Medical Insurance

Commissioner Urban advised Mr. Palmer that the Commission was in receipt of the letter requested of Tom Flynn, legal counsel, setting out his opinion on PMR&C's bidding process. She indicated that she would like the letter attached to the minutes so that it is available to any interested parties.

Chair Seyfer asked how the contract with Global Systems works, and the value of the contract. Mr. Palmer indicated he thought it was a three year contract. Chair Seyfer asked specifically what services PMR&C was receiving. Mr. Palmer advised that all checks received by PMR&C are sent to Global Systems. Commissioner Urban asked if PMR&C pays a percentage based on the number of checks sent. Mr. Palmer indicated he thought there was a set fee per check, but was not sure. He indicated PMR&C has used the service for some time, and does not assess a check cashing fee to their patrons. Commissioner Cutler pointed out that the contract states that credit card services are being added, and inquired as to what service they are being charged for. Mr. Palmer stated that PMR&C receives a percentage on the cash advances patrons receive from their credit cards. Commissioner Cutler asked Mr. Palmer to find out how many checks are cashed at the facility on a yearly basis and report back at the October Commission

meeting. She reiterated that the amount of the contract seemed high for check cashing services.

Hearing no further comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by PMR&C subject to receipt of the requested information concerning the Global Systems contract. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-100)

Chair Seyfer called on the IGA. Mr. Quilty advised that the request before the Commission today is very similar to the request presented to the Commission last August but with some modifications. Last year's request included both DGP&C and BRGP, while this year's request is only for BRGP. He indicated that he has been working with BRGP staff for two months to try and resolve various issues. Mr. Quilty asked that the Commission approve the request to withdraw up to \$10,000 from the escrow account for the Harley Davidson promotion. He stated that he has a commitment on the motorcycle for \$9,500 at this time. If issues can not be resolved in the near future, the motorcycle may not be available at that price, and the promotion may not go forward. Mr. Quilty indicated that if that is case, they will try again next year as the IGA still believes this could be a successful promotion for greyhound racing.

Mr. Quilty advised that if all the details can be worked out, Harley Davidson has committed to providing information about the promotion in their direct mail flier, which reaches thousands of owners in Iowa and Nebraska. IGA is also providing information on their website.

Mr. Ketterer suggested that the motion indicate approval is granted subject to the proposed Harley Davidson promotion between the IGA and BRGP be in compliance with Commission rules and Iowa law, and allow for the withdrawal of up to \$10,000 from the escrow account for the promotion.

Chair Seyfer requested such a motion. Commissioner Cutler so moved. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-101)

Chair Seyfer moved to the hearings before the Commission and called on Mr. Ketterer. Mr. Ketterer advised that a Stipulated Agreement had been reached with PMR&C regarding the violation of Iowa Code §99F.9(5). He stated that at approximately 1:50 PM on July 25, 2008 an underage male entered the casino in front of a posted security officer who failed to request identification, allowing the individual to enter the casino unchallenged. The individual placed multiple bets at a craps table, moved to another craps table to play, left the casino to withdraw funds from an ATM machine, and was discovered on his way back to the casino floor, at which time he was escorted off the gaming floor. Mr. Ketterer stated the incident met the criteria to come before the Commission – individual entered the casino unchallenged, gambled, and was on the

casino floor for more than 30 minutes. Mr. Ketterer recommended approval of the Stipulated Agreement as submitted, with an administrative penalty of \$20,000.

Hearing no comments or questions, Chair Seyfer requested a motion. Commissioner Urban moved to approve the Stipulated Agreement with PMR&C as submitted. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-102)

Mr. Ketterer moved to the next item, a Stipulated Agreement with Ameristar Casino for a violation of Iowa Code §99F.9(5). He advised that on May 15th of this year an underage female entered the gaming floor unchallenged, gambled at various slot machines over the next 5½ hours but did not purchase or consume any alcohol. Mr. Ketterer stated that as a result of this incident management at Ameristar have undertaken a thorough review of their current procedures with respect to minors and have facilitated a number of enhancements as well as implementation of a variety of new practices which they believe will prohibit minors from entering their facility. He noted that a copy of those changes is attached to the Stipulated Agreement. Mr. Ketterer advised that this incident met all three criteria for coming before the Commission – the individual entered unchallenged, gambled, and was on the casino floor for more than 30 minutes. He recommended approval of the Stipulated Agreement as submitted, with an administrative penalty of \$20,000.

Hearing no comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-103)

Mr. Palmer voiced his appreciation of the State and Mr. Ketterer for their help, noting that PMR&C exercises diligence and presents training to help prevent these types of situations. Mr. Palmer stated that while PMR&C does take precautions, he could not guarantee that this situation would not happen again. He expressed his appreciation for IRGC representatives working with the facility regarding this situation and being fair.

Chair Seyfer moved to Administrative Business, noting that the first item of business was a committee report on the Standards and Penalties for Violations of the Voluntary Self-Exclusion Law. Mr. Seyfer stated that after working with IRGC staff, Wes Ehrecke, President of the Iowa Gaming Association, as well as several other individuals, a revised process has been formulated. He requested a motion to approve the Voluntary Self Exclusion Program Requirement to Establish a Process as submitted.

Hearing no comments or questions, Commissioner Urban moved to approve the Voluntary Self Exclusion Program Requirement to Establish a Process document. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-104)

Chair Seyfer moved to the second item under Administrative Business, the committee report on the response to the Request for Proposal for Study on Additional Casino Markets. Mr. Ketterer advised that the Commission received responses a week ago from four companies for the study to identify any unserved or underserved markets in Iowa. He indicated that he was happy with the responses – all are from well-regarded national companies, providing the Commission with good alternatives from which to make their selection. Mr. Ketterer stated that the Commission members would be reviewing the proposals and providing additional information about the selection process at the October Commission meeting.

Chair Seyfer stated that he concurred with Mr. Ketterer's comments. He noted that originally he and Commissioner Hamilton comprised the committee to help select the final proposals to come before the Commission; however, with just four responses, he advised that the Commission as a whole would be reviewing them. Chair Seyfer stated that prior to the November meeting, the Commission would determine which companies would be making presentations to the Commission at the November meeting, and that a decision could be made at that time.

Chair Seyfer moved to Public Comment. Mr. Ehrecke distributed updated collateral material for the Iowa Gaming Association. This material answers the question of how gaming dollars received by the state are spent. He indicated these collateral pieces are distributed via the Iowa Gaming Association's website, to Legislators, media and various other organizations. The other piece sets forth the gaming industry's impact in the state – taxes, jobs, dollars spent with Iowa businesses, etc.

Commissioner Urban indicated the collateral pieces were excellent public relations for the gaming industry.

Hearing no further comments or questions, Chair Seyfer requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEK BY:

JULIE D.HERRICK